

Message Text

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SUBJECT: STRIKES OF PUBLIC EMPLOYEES CANCELLED

REF: (A) 5145

(B) 3990 (NOTAL)

1. A PROTRACTED DISPUTE BETWEEN THE GOI AND THE FEDERATION CGIL-CISL-UIL (CCU) OVER IMPROVEMENT OF COST OF LIVING ALLOWANCES, FAMILY ALLOWANCES AND PENSIONS FOR GOVERNMENT EMPLOYEES WAS RESOLVED ON APRIL 15 WITH UNION ACCEPTANCE GOI OFFER REPORTED REF B. AS A RESULT OF THIS AGREEMENT THE SERIES OF STRIKES BY PUBLIC EMPLOYEES SCHEDULED FOR APRIL 17 TO APRIL 28 (SEE REF A) HAS BEEN CANCELLED WITH THE EXCEPTION OF A FOUR-HOUR PARTICIPATION BY GOVERNMENT WORKERS IN THE NATIONWIDE GENERAL STRIKE SCHEDULED FOR APRIL 22.

2. UNDER THE TERMS OF THE SUBJECT AGREEMENT THE COST OF LIVING ALLOWANCE WHICH IS CURRENTLY 400 LIRE PER MONTH PER EACH POINT INCREASE IN THE PRICE INDEX IS TO INCREASE GRADUALLY TO 948 LIRE PER POINT BY MID-1978. IN ACCEPTING THIS AGREEMENT THE UNIONS HAVE PULLED BACK FROM THEIR EARLIER INSISTENCE ON FULL

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IMPLEMENTATION OF THE TOP RATE BY THE END OF 1976. THE 12,400

LIRE COST OF LIVING ALLOWANCE WHICH GOVERNMENT WORKERS ARE CURRENTLY RECEIVING IS TO BE CONSOLIDATED INTO THEIR BASIC PAY. SEVENTY-FIVE PERCENT OF THIS AMOUNT WILL BE GRANTED IN JULY OF 1975 AND THE REMAINING 25 PERCENT IN JANUARY 1976. STARTING WITH THIS YEAR THE COST OF LIVING ALLOWANCE IS ALSO TO BE ADDED TO THE THIRTEENTH MONTH PAY WHICH IS GRANTED TO GOVERNMENT EMPLOYEES AT CHRISTMAS TIME.

3. FAMILY ALLOWANCES WILL INCREASE 2,000 LIRE PER MONTH FROM SEPTEMBER 1975 AND AN ADDITIONAL 2,000 LIRE PER MONTH FROM JULY 1976. AVERAGE FAMILY ALLOWANCES ARE CURRENTLY BETWEEN 4,000 AND 5,000 LIRE PER MONTH FOR GOVERNMENT EMPLOYEES.

4. PENSIONS UNDER 100,000 LIRE PER MONTH ARE TO INCREASE RETROACTIVELY BY 13,000 LIRE FROM JANUARY 1975. THE GOI ALSO ACCEPTED IN PRINCIPLE THAT PENSIONS ARE TO BE LINKED TO PAY AND COST OF LIVING CHANGES. DEFINITION OF THE LATTER MECHANISM IS TO BE THE SUBJECT OF SEPARATE NEGOTIATIONS.

5. COMMENT: THE SUBJECT AGREEMENT REPRESENTS ANOTHER MAJOR VICTORY FOR THE CCU WHICH EXTENDS BENEFITS ALREADY WON BY INDUSTRIAL WORKERS TO PUBLIC EMPLOYEES. PRELIMINARY STIMATES ARE THAT THE ADDITIONAL BURDEN FOR THE GOI WILL BE 160 BILLION LIRE THIS YEAR (ONE DOLLAR EQUALS 635 LIRE) AND 80 BILLION LIRE IN 1976. THROUGH THE MEDIATION OF LABOR MINISTER TOROS THE UNIONS HAVE ALSO REACHED A SIGNIFICANT AGREEMENT WITH THE COUNTRY'S LEADING PRIVATE EMPLOYER, FIAT, DURING THE PAST FEW DAYS. ACCORDING TO THE LATTER AGREEMENT, FIAT WILL LIMIT ITS PRODUCTION CUTBACK TO FOUR DAYS OF WORK STOPPAGE DURING MAY. THE TEMPORARILY LAID OFF FIAT EMPLOYEES WILL BENEFIT FROM THE WAGE INTEGRATING FUND TO MAKE UP FOR MOST OF THEIR LOST WAGES. BEAUDRY

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